

Loretto Telephone Company, Inc.

P.O. BOX 130 • 136, SO. MAIN STREET
LORETTO, TENNESSEE 38469

August 19, 2005

2005 AUG 31 PM 12:58

T.R.A. DOCKET ROOM

Ms Darlene Standley
Chief, Telecommunications Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: DOCKET No. 05-00235

Dear Ms Standley

Enclosed is our filing related to the 2005-2006 Property Tax Calculation to reflect Ad Valorem Tax Equity Payment Pursuant to Tenn Code Ann. § 67-6-221. Our filing includes supporting calculations that true up our share of Equity Payments received for 2005, Rate Reductions passed through to the Customers for 2004, and through September 30, 2005 and the accounting entries used to book the amounts to each account.

If you have any questions related to this filing, please contact Desda K Hutchins at 931/853-5000 Ext 128

Sincerely,



Louise Brown
President

Enclosures

GENERAL SUBSCRIBER SERVICE TARIFF

PART III

LORETTO TELEPHONE
COMPANY, INC.
TENNESSEE

6th Revised Sheet 1
Replaces 5th Revised Sheet 1

ISSUED: August 19, 2005

EFFECTIVE October 1, 2005

BY: PRESIDENT

Louise Brown, Pres.

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GENERAL SUBSCRIBER SERVICE TARIFF

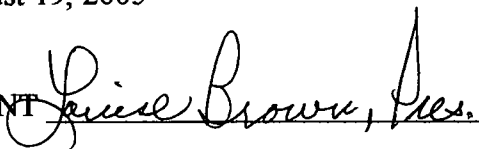
PART III

LORETTO TELEPHONE
COMPANY, INC.
TENNESSEE

ISSUED August 19, 2005

6th Revised Sheet 3
Replaces 5th Revised Sheet 3

EFFECTIVE October 1, 2005

BY: PRESIDENT 

ETHRIDGE, FIVE POINTS, LEOMA, LORETTO, ST. JOSEPH EXCHANGES

1 General

- A. The rates quoted in this tariff are subject to orders entered in applicable cases by the Tennessee Regulatory Authority and in case of conflict the rates specifically approved by the commission shall cover. Unless otherwise specified, these rates are for periods of one month and are payable monthly in advance. They entitle the customer to exchange telephone service within the Ethridge, Five Points, Leoma, Loretto, and St. Joseph exchanges
- B. The rates quoted herein also entitle the subscribers of Loretto Telephone Company, Inc. to call without additional charge any of the exchanges of Loretto Telephone Company, Inc and the exchanges of Lawrenceburg and Summertown, Tennessee of BellSouth Telecommunications, Inc

<u>Class of Service</u>	<u>Service Rate</u>	
Business 1 Party	\$29.95	
Property Tax Relief Bill	(3 40)	(R)
Tariff Rate of Basic Business 1 Party	\$26.55	(R)
Residence 1 Party	13 35	
Paystation Access Line	See Part II SHEET 46	

No Extra Line Mileage or Zone Charges apply in these Exchanges

LORETTO TELEPHONE COMPANY, INC.
2005-2006 Property Tax Savings and Pass Through Amount
for implementation on 10/1/05

Flow Through Amount for October 1, 2005 Through September 2006 (See attached 2005-2006 Property Tax Calculation)	\$	30,238
Business Access Lines @ 08/01/05		741
Net Pass Through per Business Access Line	\$	40.81
Number of Months		12
Price Adjustment per Business Customer	\$	3 40
Proposed Monthly Business Customer Price Adjustment		\$3.40

LORETTO TELEPHONE COMPANY, INC
2005-2006 Property Tax Savings
for implementation on 10/1/05

1.	Total Equity Payment Received June/July 2005	\$ 36,745.34	
	Subtotal		\$ 36,745.34
2.	Jurisdictional Separations Impact (part 36/69). Line 1 * separations factor		\$ -
3.	Impact to USF support, if applicable (include supporting calculations)		\$ -
4.	Net Tax Savings to Company to be flowed through to business customers. (Line 1 less lines 2 and 3)		\$ 36,745.34
5.	Total Rate Reduction from October 1, 2004 through September 30, 2005	\$ 6,507.22	
	Subtotal		\$ 6,507.22
6.	Difference (Line 4 less Line 5)		<u>\$ 30,238.12</u>
	If Line 4 is greater than Line 5, then the difference represents the additional amount that existing rates need to be reduced. If Line 5 is greater Line 4, then the difference represents the amount by which existing rates may be increased.		

LORETTO TELEPHONE COMPANY, INC.
Revision of Business Rates to Reflect Ad Valorem Tax Equity Payment
True-up Property Tax Savings and Pass Through Amount
for implementation on October 1, 2005

Loretto Telephone Company, Inc. accrued the following entry for year end 2004		ACCOUNT NUMBER	DEBIT	CREDIT
OTHER ACCTS RECEIVABLE/PROPERTY TAX		1190 04	\$50,343 17	
OPER TAX/REAL PROPERTY		7240 01		\$50,343 17
TO RECOGNIZE STATE PROPERTY TAX RECOVERY DUE TO BUSINESS				
RATE REDUCTION TAX EQUITY RELIEF FOR 2004				
Note Beginning balance \$50986.80 less received payment June 2004 for \$36550 82 + journal entry = ending balance \$64779 15				

Loretto Telephone Company, Inc. captures the actual amount of pass through as follows:		ACCOUNT NUMBER	DEBIT	CREDIT
cumulative entries for 2004				
PROPERTY TAX EQUITY RELIEF (CONTRA TO REVENUE ACCOUNT)		5001 01	\$1,627 90	
BASIC AREA REVENUES/SUBSCRIBER STATIONS		5001		\$1,627 90
(Amount is captured by multiplying the number of access lines times the amount of pass through credit each month)				

Loretto Telephone Company, Inc. booked the June 2005 Tax Equity Payment as follows:		ACCOUNT NUMBER	DEBIT	CREDIT
CASH GENERAL FUNDS/ 1ST FARMERS & MERCHANTS BANK		1130 05	\$36,745 34	
OTHER ACCTS RECEIVABLE/PROPERTY TAX		1190 04		\$36,745 34
TO RECORD RECEIPT OF FUNDS FROM STATE FOR PROPERTY TAX RELIEF				